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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1959

No. 463

WILLIAM K. WARREN and NATALIE O. WARREN, ET. AL.,
*Petitioners,*

v.

THE UNITED STATES, *Respondent.*

## PETITIONER'S REPLY

*By the Government's Own Admission the Warren Case Is Within the Ambit of the Logan Case.*

The Government's statement on page 5 of the Brief in Opposition that the value of the royalty interest may not have been subject to "accurate estimate", taken with what is said on page 6 of its Brief that the value of the contract could not be "accurately estimated" shows that the two cases are parallel for the application of the *open transaction doctrine.*

The inaccuracy in the *Warren* case is disclosed by the fact that the tax authorities placed a value of $1,035,000

as of July 1, 1941 whereas, by the end of 1956, the plaintiffs had received $11,548,107.84. See Petition, Appendix B, p. 5a.

It is hard to conceive stronger proof to support the action of the petitioners in not including in their 1941 and subsequent years any value for the overriding royalty interest, *stating in their return that those interests had no ascertainable fair market value.* If taxation is a practical matter, where could one find a better case for the application of the *open-transaction doctrine* discussed on page 10 of Petitioner's Brief.

Respectfully submitted,

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